

Section 12 Fiscal Analysis Component

12.0 Overview

This section discusses Permit requirements that apply to the *Fiscal Analysis Component* of the Jurisdictional Urban Runoff Management Plan (JURMP) and what methodologies will be employed to accomplish all activities of the Storm Water Protection Program and provide a method to secure funds for on-going expenditures. This section meets or exceeds minimum requirements as specified in Section H of the Permit.

Subsection 12.1 briefly summarize the purpose of the subsection, quotes the applicable regulatory requirements from Sections F and H of the Permit (*italicized*), and lists the City's action plans. The rest of the subsection outlines in detail each action and describes the specific actions that have been completed, are in progress, or are projected to be completed by the City of Carlsbad to meet or exceed the Permit requirement.

Historically, all costs to manage the City's Urban Runoff Management Program (URMP) activities have been funded from one of two funding sources. All maintenance and operation, education and administrative expenditures have been funded out of the City's General Fund. Storm water facility capital expenditures are generally funded from developer revenues generated from the City's adopted Local Drainage Area Fee program or the City's General Fund. Occasionally, new drainage facilities or repairs and/or rehabilitation of existing drainage facilities are funded from other road-related funding resources such as the Gas Tax or TransNet sales tax revenues. Total appropriations for FY 2001-02 for drainage capital facilities, including carry forward amounts, was \$4,112,476 (See attached budget table).

Beginning in the FY 2001-02 Operating Budget, the City of Carlsbad established a separate special revenue account for storm water protection (See attached budgetary sheets). These special revenue funds pay for all non-capital expenditures for the City's URMP including sampling, testing, inspection, enforcement, education and administration. The total FY 2001-02 budget for these activities was \$1,873,190. Additional expenditures for maintenance and operation of the City's URMP activities, including street sweeping, storm drain and inlet cleaning, basin maintenance and pollutant filter replacement, are incorporated in the City's Street Maintenance budget funded by the City's General Fund.

The City's strategy is to continue funding of all URMP activities from the General Fund and to identify and evaluate alternative funding sources. Funding for any additional URMP activities necessitated by this new Regional Board Order will for the time being be funded from the City's General Fund. At the present time, we have retained the services of a consulting engineering and financial services company to prepare an Alternative Financing Mechanism Study. This study will include research of potential funding sources, a survey of comparable agencies, an analysis of the funding options and recommended options for further pursuit by the City. Once the study is complete, anticipated to occur in the next two months, we will take the report forward to our City Council for approval and recommended action. We will then incorporate the recommendations into the City's FY 2002-03 goals and budgetary process and seek to implement the recommended actions during the next fiscal year.

With regards to future capital facility expenditures, the City intends to prepare a new update to our Master Drainage and Storm Water Quality Management Plan (Master Drainage Plan). This plan identifies all needed improvements to the City's storm drainage infrastructure and establishes the basis for the costs included in the

City's Local Drainage Area Fee program. The updated Master Drainage Plan will include provision for necessary URMP facilities. Once the Master Drainage Plan is completed, the City will revise the Local Drainage Area Fees accordingly.

12.1 Fiscal Analysis Strategy

12.1.1 Purpose and Permit Requirements

Purpose	The purpose of this Permit requirement is to demonstrate sufficient financial resources to implement the conditions of the Permit.
NPDES Permit Order No. 2001- 01 Requirement(s)	<p>The Permit requirement under the Fiscal Analysis Component is as follows:</p> <p>Section F.8.</p> <p><i>Each Copermittee shall secure the resources necessary to meet the requirements of this Order. As part of its individual Jurisdictional URMP, each Copermittee shall develop a strategy to conduct a fiscal analysis of its urban runoff management program in its entirety. In order to demonstrate sufficient financial resources to implement the conditions of this Order, each Copermittee shall conduct an annual fiscal analysis as part of its individual Jurisdictional URMP Annual Report. This analysis shall, for each fiscal year covered by this Order, evaluate the expenditures (such as capital, operation and maintenance, education, and administrative expenditures) necessary to accomplish the activities of the Copermittee's urban runoff management program. Such analysis shall include a description of the source(s) of funds that are proposed to meet the necessary expenditures, including legal restrictions on the use of such funds.</i></p>
Jurisdictional URMP Requirements	<p>The Permit requirement under the Fiscal Analysis Component is as follows:</p> <p>Section H.a.(10)</p> <p><i>A description of the strategy to be used to conduct a fiscal analysis of the urban runoff management program.</i></p>
City Action Plan	<ol style="list-style-type: none">1) Establish budgetary requirements for new URMP activities necessitated by this Regional Board Order and incorporate into the FY 2002-03 and future City budgets. Continue to fund all URMP costs from the City's General Fund and the revenues from the Local Drainage Area Fee program.2) Prepare an URMP Alternative Financing Mechanism Study for approval and recommendation by the Carlsbad City Council. Incorporate Council recommendation into the City's FY 2002-03 goals and budgetary process.3) Pursue establishment of URMP alternative funding mechanism, if different from General Fund, during FY 2002-03.4) Prepare an update to the City's Master Drainage and Storm Water Quality Management Plan. Revise the Local Drainage Area Fees in accordance with the revisions recommended in the Master Drainage Plan update.

12.1.2 Action Plan

Action #1 - Establish budgetary requirements for new URMP activities necessitated by this Regional Board Order and incorporate into the FY 2002-03 and future City budgets. Continue to fund all URMP costs from the City's General Fund and the revenues from the Local Drainage Area Fee program.

Once the City's URMP has been completed and accepted by the Regional Board, City staff will complete a fiscal analysis of any new URMP activities. The cost for these new activities will be incorporated into the City's proposed FY 2002-03 Operating Budget. On an interim basis (and perhaps permanently depending on the outcome of Action Step No. 2) the City will fund all new URMP activity costs, together with the existing URMP costs, out of the City's General Fund. Any required facility capital expenditures will be funded out of the City's Local Drainage Area Fee revenues, General Fund or road-related funds (such as TransNet sales tax or Gas Tax).

Action #2 - Prepare an URMP Alternative Financing Mechanism Study for approval and recommendation by the Carlsbad City Council. Incorporate Council recommendation into the City's FY 2002-03 goals and budgetary process.

A City team with representatives from Public Works, Finance and the City Attorneys office has hired Brown and Caldwell consulting firm to conduct a study on the different funding alternatives for the URMP. This study will include an analysis of the existing and potential funding sources available to fund the Program including expenditures for capital costs, maintenance, operations, administration, enforcement and education. The analysis will include a comparison of initial implementation costs, annual administration costs, legal restrictions, citizen acceptability, implementation time schedules, flexibility, ease of implementation and other relevant issues for each of the potential financing mechanisms. The report will also include recommendations on possible courses of action for the City to pursue to establish alternative revenue sources for the URMP. Once the report is complete, it will be taken forward to the Carlsbad City Council for approval and recommendation.

Action #3 - Pursue establishment of URMP alternative funding mechanism, if different from General Fund, during FY 2002-03.

If City Council makes a recommendation to pursue the establishment of an alternative funding mechanism for the URMP, staff will prepare a new goal statement, develop an appropriate budget amount and incorporate the new goal and budgetary cost into the FY 2002-03 Operating Budget. The City staff will then begin to implement establishment of the new revenue source. Depending on the type of funding mechanism recommended, it could take between one and one half to two years to establish the new fund source.

Action #4 - Prepare an update to the City's Master Drainage and Storm Water Quality Management Plan. Revise the Local Drainage Area Fees in accordance with the revisions recommended in the Master Drainage Plan update.

The City is in the final stages of developing a comprehensive GIS mapping of the City's drainage infrastructure. We have also retained the services of Rick Engineering, a consultant engineering firm, to prepare an URMP basin management plan model focused on the Agua Hedionda drainage basin within the City. This model is intended to present an alternative to the Regional Board's onsite retention requirement. Much of the design analysis and mapping work, done as a part of the Rick Engineering modeling effort, will be incorporated into the proposed update to the City Master Drainage Plan expected to begin during FY 2002-03. The Master Drainage Plan update will re-evaluate the existing drainage facility needs within the City,

update the cost estimates for necessary facility improvements and incorporate new URMP facility improvement requirements as necessary. Concurrent with the updating of the Master Drainage Plan, the City will update the Local Drainage Area Fee the City charges to developers for their existing and future drainage facility impacts.